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## Message from the Director

I write this just after the end of this years' legislative session. When the legislature is in session it can be a very stressful time around here with short analysis times and many discussions concerning important administrative and policy matters. The session can also be fun and exciting at times with interesting new ideas proposed, and new legislation passed. The one thing we can be sure of in this process is that the property tax system will continue to evolve and change. To meet the needs of the public, our systems and processes need to be as flexible as possible to deal effectively with the changes.

The recent legislative session did not make significant changes to the property tax systems, but there are some issues that we are going to have to determine how to best administer. Contained in this newsletter (page 3-6) is a summary of some of the bills that we think have the most impact on the assessment process.

The UAC spring conference is scheduled for Logan in April. We in the division appreciate the opportunity to meet with the various county officials and discuss issues of interest. We look forward to meeting with you and coordinating our efforts.

The Property Tax Division is in the middle of the 2007 assessment for centrally assessed companies. In the last week or so we have had meetings with the Natural Resource and Utility companies and county officials concerning the cap rates and price projections for this assessment year. Those meetings were well attended and productive. I believe it is important for us to listen to and learn from all parties in this important process.

Another item of interest is the developing requirements for appraisal licensure and certification through the Division of Real Estate. As an outcome of a recent audit, the Division of Real Estate is proposing to change the rules for ap-



praisal experience required for state-licensed, certified residential and certified general. This will have an impact on our work and specifically on the experience documentation required of our appraisers. I believe we need to stay current on proposed administrative rule R161-104 and associated requirements. We will have Ron Smith address the issues concerning this proposed rule at the April UAC meetings in Logan.

We understand the impact our work has on the counties, school districts, and other taxing entities. We are working hard to be reasonable and defensible in everything we do. While this process has many challenges, working together toward common goals will benefit the citizens of Utah.

## County Key Numbers

The Property Tax Division (PTD) has developed a new computer program for Centrally Assessed properties. The Centrally Assessed System (CAS) is up and running. During the development phase of CAS, County Officials were visited and asked if there were items that they would like to see in the reports that they receive that would make it easier in working with the state assessed properties. One suggestion that was made was if it would be possible to have a way of identifying companies with numbers that the county uses in their billing.

With this suggestion CAS was developed with a space for a number used by the county and is called the County Key. Currently this number is generated by the county and then passed along to the division where it is implemented.



See Example

The example above show two taxpayers in Tooele County located in the same tax district. One has the County Key number as given to the PTD from the county and the other does not. As

you see the missing numbers and want them used in the report please send them to Art Brownell or Glen Stevens the Senior Analysts in the centrally assessed staff and these numbers will be added to the system.

If requested the division could aid in inputting the numbers for you before the returns are sent out. We would need to know how the numbers are generated or use a numbering system that we generate. It would be a combination of the county number, taxpayer number and the tax area. If this were the case in the property above the number would be 23-3920-010. This number is from Tooele County 23, Taxpayer number 3920 and the tax area of 010. Or some other system agreed to by the counties and the state.

If you have any ideas or suggestions on this subject please contact either Sheldon Draper at (801) 297-3620 or Paul Bredthauer at (801) 297-3619.

	Utah State Tax Commission Property Tax Division <b>2007 RECORD OF ASSESSMENT DETAIL BY TAX AREA NON-METALLIFEROUS MINING</b>	PT- Rev.
<b>TOOELE COUNTY</b>		
Tax Area: 010 - 0000		County Key:
<b>McFARLAND &amp; HULLINGER</b>		Taxpayer No.: 3920
BRUCE ANDREWS PO BOX 580 TOOELE UT 84074		
Property Name: STANSBURY PIT (LAND)		Property Number: 69408
	Utah State Tax Commission Property Tax Division <b>2007 RECORD OF ASSESSMENT DETAIL BY TAX AREA NON-METALLIFEROUS MINING</b>	PT- Rev.
<b>TOOELE COUNTY</b>		
Tax Area: 010 - 0000		County Key: 98-038-0-0069
<b>MORTON INTERNATIONAL INC</b>		Taxpayer No.: 1262
CECILIA STRZEZEK, TX REP DELOITTE TAX LLP 2 HILTON COURT PARSIPPANY NJ 07054-0319		
Property Name: FEE LAND - 2276		Property Number: 2276

## 2007 Legislation with a Property Tax Twist

### **HB 26 Property Tax Exemption For Personal Property**      Retrospective to 1/1/07

Amends the personal property exemption for personal property with an aggregate fair market value of \$3,500 or less to exclude personal property required to be registered with the state as well as mobile and manufactured homes.

### **HB 58 New School District Property Tax Amendments**      Effective 4/30/07

Places the following limitations on existing and new school district property tax revenues when a new school district is created: (1) prohibits the levying of a property tax by the new school district prior to the year in which the new district assumes responsibility for student instruction; (2) allows the existing district to impose a property tax on the new district during the period it provides instruction to the new district's students; (3) allows the new district, after taking over student instruction, to continue imposing property tax levies previously approved by a vote of the predecessor district electorate and places limitations on the levies and (4) requires the new school district and the remaining district to publish advertisements and hold hearings provided for in Sections 59-2-918 and 919 before levying a property tax in the first fiscal year the new district takes over student instruction.

### **HB 65 Special and Local Districts Amendments**      Effective 4/30/07

For the past 10 years, a legislative subcommittee has been updating and rewriting statutory provisions relating to special districts under Title 17A. The focus has been on independent special districts under Chapter 2 of Title 17A. This legislation is the culmination of that effort and begins the process of rewriting provisions applicable to independent special districts and dependent special districts known as county and municipal improvement districts under Chapter 3 of Title 17A. One goal of the rewrite has been to simplify, consolidate, and standardize as much as possible so that, where possible, only one set of provisions governed all types of districts. It consolidates and standardizes provisions relating to district authority, including taxing, bonding and eminent domain authority, district boards of trustees, actions contesting a district resolution or other action, local district validation proceedings, and other matters; it repeals redundant and inconsistent provisions. It changes terminology applicable to entities previously known as independent special districts, except special service districts, and renames them "local districts". It changes terminology applicable to what have previously been known as county and municipal improvement districts so that they will be known as "assessment areas". It expands the entities that are authorized to designate assessment areas from counties and municipalities to include local districts and special service districts and authorizes a local government entity to finance operation and maintenance costs of improvement through an assessment area. It authorizes local districts to combine a notice and hearing related to the district's budget with the notice and hearing on a proposed fee increase. It eliminates county legislative body approval as a requirement for a drainage district to levy a property tax. It establishes a debt limit for basic local districts and modifies the basis for calculating the debt limit of some districts from taxable value to fair market value. Also, it increases the debt limit of a former regional service area, a cemetery maintenance district and a mosquito abatement district. Finally, unique provisions with respect to a particular type of district were updated and simplified but continue to apply only to that type of district. It is the intent of the Legislature that none of the changes disturb the body of case law relating to the underlying principles applicable to these types of local government entities.

## Property Writes

### **HB 111 Personal Property Tax Amendments**      Retrospective to 1/1/07

Beginning January 1, 2007, this legislation eliminates semiconductor-manufacturing equipment (personal property class 15) assessed by a county assessor from the calculation of the certified revenue levy and the certified tax rate. This change will affect the prior and current year's values, 5-year collection ratio and the BOE adjustment. Currently, only Utah and Salt Lake Counties are affected.

### **HB 142 Fee in Lieu of Property Tax**      Effective 4/30/07

Clarifies that a non-Utah public agency that has an ownership interest in the potential third unit of IPA is subject to ad valorem property tax on that property, and not a fee in lieu under Section 11-13-302.

### **HB 146 County Tax Sales of Property**      Effective 4/30/07

Enacts a new section relating to county tax sales. It limits the amount of money a tax sale interest purchaser, who owns an undivided interest in real property, may receive from a subsequent sale of property bought at a tax sale. Also, it provides that a tax sale interest purchaser may not object to the subsequent sale of the tax sale property if the tax sale interest purchaser receives at least the amount of money paid plus 12% interest.

### **HB 200 Standardizing Documents Filed With County Recorder**      Effective 4/30/07

Establishes requirements for documents submitted for recording with the county recorder's office. Beginning July 1, 2007, each document submitted for recordation is to be an original or certified copy, have an accurate English translation, contain a brief title, heading or caption on the first page, contain a legal description, comply with requirements of Sections 17-21-25 and 57-3-105, be notarized and have original signatures. Beginning September 1, 2007, county recorders are authorized to establish certain standards (primarily formatting), for documents submitted for recording. However, the county recorder who establishes these standards must provide formal notice of the requirements and establish and publish an effective date that is at least three months after the formal notice. Also, a county recorder is authorized to collect an additional fee not to exceed \$2 per page for documents that fail to comply with formatting requirements. Exceptions to the above requirements are listed.

### **HB 247 Special Service District Authority to Provide Jail Facilities**      Effective 4/30/07

Expands a provision authorizing a special service district to provide, maintain and operate jail facilities so that it applies to all special service districts rather than just those in first-class counties; however, it limits the application of certain administrative control board provisions to just the first class counties.

### **HB 293 Centrally Assessed Property**      Effective 4/30/07

Requires USTC to notify the owner of centrally assessed property, as well as the county where the property is located, of the assessment on that centrally assessed property by **certified** mail. It changes the time for a centrally assessed property owner or a county to appeal an assessment by USTC to on or before the later of June 1, or 30 days from the date the notice of assessment was mailed.

**HB 362 Annexation Amendments** Generally effective 3/20/07 (some provisions 1/1/08)

Allows unincorporated county islands within city boundaries to annex more easily without forcing the entire island to annex.

**HB 427 Nonresident Sales of Motor Homes** Effective 4/30/07

Exempts motor home sales from proportional personal property tax assessment if the motor home is brought into the state to be placed in a licensed dealer's inventory.

**SB 30 Creation of New School District Amendments** Effective 4/30/07

Adds a vote to elect school district board members resulting from the creation of a new school district to the list of special elections a political subdivision may call. It provides a process of certifying the creation of a new school district through the Lt Governor's Office. It establishes a process for allocating existing school district property with the new school district by providing transition teams representing both school districts and requiring that disputes about the allocation of property be decided by binding arbitration. It provides a method for paying for the new district's proportionate share of bonds issued before the new district was created and prohibits a school district board from issuing bonds approved but not issued before the creation of the new district.

**SB 199 Division of Real Estate and Title Insurance Related Amendments**

Most sections are effective April 30, 2007

Permits investigation of and administrative action against unlicensed persons acting in the capacity of a person required to be licensed as a real estate appraiser. Includes failing to respond to requests by the DRE in an investigation to be grounds for administrative or disciplinary action. Modifies administrative sanctions available to the Appraisal Board; it allows civil penalties to be the greater of \$2,500 or the amount of any gain or economic benefit derived from each violation.

**SB 203 Disclosure of Property Tax Information** Effective 4/30/07

Defines "protected commercial information" to mean commercial information that identifies or would reasonably lead to the identity of a specific property taxpayer. Allows an assessor to share the following commercial information with an appraiser: (1) the sales price of locally assessed property and the related financing terms; (2) capitalization rates and related rates and ratios related to the valuation of locally assessed property; (3) income and expense information related to the valuation of locally assessed property; however these items need to be redacted so the owner cannot be identified. In most cases, an appraiser who receives commercial information may disclose the information to another appraiser or assessor to use in performing a consultative service or to use in an appraisal if protected commercial information is removed to protect its confidential nature. If an appraiser violates confidentiality provisions, he forfeits his certification or license for five years. If an individual associated with or assisted an appraiser in preparing appraisals violates confidentiality provisions, he is prohibited from becoming licensed or certified.

**SB 218 Community Development & Renewal Agency Amendments** Effective 4/30/07

Modifies the definition of urban renewal to include environmental remediation and modifies the definition of base taxable value to mean (for a project on an inactive industrial site), the year after the date the inactive industrial site is sold for remediation and development. It prohibits a taxing entity committee from disapproving an agency's finding of blight unless the committee demonstrates that the blight conditions the agency found to exist in the urban renewal project area do not exist. It authorizes the taxing entity committee to hire a consultant to assist in the taxing entity committee's approval or disapproval of an agency's finding of blight, requires

the taxing entity committee and agency to share the consultant's expenses, and makes the consultant's findings binding. It allows 60% of tax increment for at least 15 years for an urban renewal project area plan that proposes development of an inactive industrial site. Allows an agency to use tax increment inside or outside of project areas to relocate mobile home park residents displaced by a development. Eliminates the taxing entity committee consent requirement for the use of tax increment and sales tax proceeds for certain infrastructure and improvements in a community development project area.

**SB 232 Military Installation Development Authority**

Effective 4/30/07

Creates the "Military Installation Development Authority Act" in Title 63H. It creates a separate, independent, nonprofit body known as the "Military Installation Development Authority" and provides for the authority's powers and an appointed board to govern. It authorizes the authority to develop military land, use tax increment and issue bonds and exempts the authority from land use laws.

**SB 260 Property Tax – Definition of Goodwill**

Retrospective to 1/1/07

Amends the definition of "goodwill" for purposes of the property tax exemption for intangible property to clarify that the ability of a business to generate income that exceeds a normal rate of return on assets must result from superior management skill, reputation, customer relationships, patronage or some similar factor.

**HJR 14 Master Study Resolution**

Effective 4/30/07

This legislation identifies for the Legislative Management Committee items of study it may assign to the appropriate interim committee during the 2007 legislative interim. Property tax related items include:

HB 132 Property Tax Deferral-Senior Citizens

HB 78 Property Tax Deferral-Senior Citizens

Study issues related to property tax equalization

HB 414 Taxes related to aviation = property tax, uniform fees and fuel

HB 187 Eminent Domain issues

HB 65 Make adjustments to special & local districts & remaining dependent special districts

SB 88 Uniform Real Property Electronic Recording –adopt standards

HB 332 Displaced mobile home owners---assistance

Property Tax Calendar		
DATE	WHO	WHAT
By April 1	County BOE (Auditor)	County notifies previously exempt property owners who failed to file annual assigned statement of board's intent to revoke their exemption. 59-2-1102
April 18-20	Counties & USTC	UAC meeting in Logan, Utah
April 30	USTC	Provide county assessor with a preliminary Sales Ratio Study. R884-24P-27©5
By May 1	USTC	Update the 697 disks for collecting current-year values & the related information & forward to county auditors
		Assess centrally assessed property & notify owners & county assessors of the assessment. 59-2-201
		Notify counties of estimated cost of personal property audits for the current fiscal year. 59-2-705
	County BOE (Auditor)	County BOE shall hold hearings and render written decisions to determine exemptions 59-2-1102
	Taxpayer	Greenbelt applications due 59-2-508
By May 15	USTC	Send to County Auditor: 5-year collection rate for each taxing entity R884-24P-24(L); 3-year BOE average adjustment percentage R84-24P-24(L); Any adjustments to revenue or value dictated by the legislature.
	County BOE (Auditor)	The decision of the BOE on exemptions to be sent to person or organization applying for the exemption 59-2-1102
Prior to May 22	Assessor	Complete assessment roll and deliver to county auditor with required signed statement. 59-2-1102
Prior to May 25	USTC	Apportion to each tax area the value of centrally assessed property and provide apportioned values to county auditors. 59-2-801
On or before June 1	Assessor	Prepare statement of current-year taxable values for each entity (Report 697) and changes in real property values resulting from factoring, reappraisal and legislative/or court changes (Report 714) and deliver to county auditor and USTC 59-2-924
On or before June 1	Auditor	Send the current-year values and all related information to the State Tax Commission
	USTC	Provide county auditors with a list of all judgments issued by USTC between June 1 and December 15 of the previous year and December 16 and May 31st of the current year
	Taxpayer	Centrally assessed property owners file appeals with STC 59-2-1007
	USTC	Supply proposed personal property valuation schedules to counties and interested parties
On or before June 8	USTC	Send a list of centrally assessed values to county auditors 59-2-322
	Auditors & Assessor	Report taxable value to the Tax Commission (Reports 232/233) 59-2-322
By June 8	USTC & Auditors	State Tax Commission calculates the certified tax rates and sends reports to county auditors
	Auditor	Provide certified tax rates, forms, instructions and valuation information to each taxing entity (59-2-913 & 59-2-924) The following Reports are included: 693 Tax Rate Summary; 694 Single Levy Proposed Tax Rate Worksheet; 694A Multiple Levy Proposed Tax Rate Valuation Summary; 694B Multiple Levy Proposed Tax Rate Worksheet; 713 Single Levy Certified Tax Rate Worksheet; 713A Certified Tax Rate Valuation Summary; 713B Multiple Levy Certified Tax Rate Worksheet
June 10	USTC	Complete the annual Sale Ratio Study and issue any corrective action orders R884-24P-27(D)4



## Meet the Division



Name: Curtis Williams  
Job Title: Tax Appraisal Specialist I  
Section: Natural Resources  
Job Duties: Valuation of Sand & Gravel  
Contact Information: [curtiswilliams@utah.gov](mailto:curtiswilliams@utah.gov)  
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Name: Robert Patterson  
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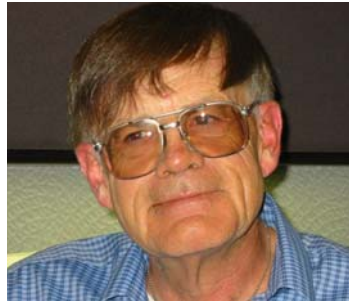


Name: Kathy Lynn Rinehart  
Job Title: Research Analyst  
Section: Utility Property Tax  
Job Duties: Support for the Taxpayers and the Tax Analyst for the purpose of Tax apportionment of Utility property taxes. Research, send and produce reports for the Annual Reports and Annual Returns for the taxpayers and the counties after apportioned and accessed. My mission is to complete all tasks in a timely and accurate manner for my team members.  
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(801) 297-3605



# Property Tax Retirees

Walter Bleak  
Tax Appraisal Specialist  
Real Estate, Green Belt



Rudy Ernest Gonzales  
Tax Appraisal Specialist  
Real Estate, County Representative



Dianne Mark  
Research Analyst  
Utilities Analyst



Kalvin Rogers  
Tax Appraisal Specialist  
Natural Resources / Mining



Marlo Edwards  
Assistant Director  
Centrally Assessed



Linda Leaf  
Technician Supervisor



## PROPERTY TAX DIVISION

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## Property Writes

### Ask the Division:

**Question:** In Centrally Assessed property tax assessments, what is the meaning of the commonly used terms “allocation” and “apportionment”?

**Answer:** Interstate vs. intrastate. In the practice of property tax assessment by unitary appraisal it is necessary to derive values, first for the State of Utah then, for each taxing district in the State from one single operating “unit” value.

A unit can be any combination of States, counties or even international but is most commonly a “national” unit for a variety of reasons related specifically to the needs and practicalities of property tax assessment. The first step in unitary appraisal is to define what will be included in the operating unit to be appraised.

Once that unit has been appraised, various formulas are applied to “allocate” a portion of that value to the State of Utah. All “unitary” states have various formulas of their own design, but many are common practice among the states. For the most part, we use formulas recommended by the Western States Association of Tax Administrators, Committee on Centrally Assessed Property.

We refer to the amount of value allocated to the State as the Utah Assessed Value. That value must then be “apportioned” to all of the taxing districts in the State where the property is located. Again formulas are used to apportion the total value to the many taxing districts. A ratio of historical cost in the district to the historical cost of all property in the state is the most commonly used method.

So, while allocation and apportionment mean essentially the same thing, as those terms are used in the Property Tax Division allocation refers to the derivation of the Utah assessed value from the system value of the operating unit and apportionment refers to the distribution of that value to the taxing districts where the property is located.